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Interviews & News!

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Having a reputation of being a good joint venture partner has enabled Index Oil and Gas to participate in the world-class Alligator Bayou project



Energy
Exploration and Production
(IXOG-OTC: BB)

Index Oil and Gas, Inc.

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Daniel ("Dan") L Murphy
Chairman

BIO:

Dan has over 39 years of experience in energy sector industries. He has held management and executive positions (career roles have included Chairman, CEO, President, Company and Non-executive Director and Project Director) in major international operating and contracting companies such as Shell Oil, IAPCO,

Occidental Petroleum, Intrepid Energy (North Sea) Ltd, Santa Fe International, Brown & Root, Kvaerner H&G, and Aker Kvaerner Offshore Partners Ltd. Dan's worldwide operational experience includes the Gulf of Mexico, South East Asia, Middle East, South America, North Africa, Poland and the North Sea.

Up until the sale of Intrepid Energy (North Sea) Ltd. in 2004 Dan served as Engineering and Production Director for over seven years where he was instrumental in the development and delineation of the giant Buzzard field, a 500 million plus (recoverable) barrel oil find.

Dan joined Index early 2005 and shortly afterward was appointed Chairman of Index Oil & Gas Ltd., which, as a result of a merger, became Index Oil and Gas, Inc. in January 2006.

Dan's role at Index is corporate governance, compliance and the strategic direction of Index's development of its exciting risk balanced portfolio and input into the assessment of prospects as part of the tightly focused exploration and management team. Dan's extensive experience of managing very large, world-class projects, oil and gas field operations management and corporate direction is expected to stand Index in good stead as the company expands its operations.

Company Profile:

Index is a gas biased oil and gas exploration and production company, with activities primarily in Kansas, Texas, and Louisiana. It has offices in Houston, Texas and Bath, England. Index is focused on efficiently building a broad balanced portfolio of producing properties by investing

in risk mitigated exploration opportunities with what it believes to be significant upside potential and intends to grow its existing asset base and revenues through further investment in the U.S. The Company seeks to develop its activities in areas containing prolific petroleum systems set in stable political and economic environments.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com

CEOCFO: Mr. Murphy, Index Oil and Gas is a dynamic company; will you tell us a bit about the basics?

Mr. Murphy: "The company was started in 2003 and we listed on the Over The Counter: Bulletin Board (OTC: BB) in January 2006. At that time we were predominantly involved in Kansas and we had committed to four wells in Texas. Since then we have had a number of money raises; we raised \$5 million and, subsequently in the same year, we raised approximately another \$10 million. Since that time, we have classified our development in phases; Phase I was in Kansas at our four-well program. There are four wells that have been drilled and three of them have been completed successfully. We participated in drilling a number of Kansas wells and roughly have an 80% success rate in the Kansas drilling program. Last year we drilled six Kansas wells. We now have an exciting program in front of us which involves progressively larger wells. We have had some fairly quick successes on the two wells we drilled in Texas called Habanero and Serrano. Literally from signing those deals to production on the first well is about three months. We try to target pro-

jects that get us into production within a year of committing to the project.”

CEOFCO: Please tell us about the Shadyside project?

Mr. Murphy: “Shadyside is a really an exciting property. It is in Louisiana and has a relatively high probability of success because of its proximity to Analog wells. It was our largest opportunity to date up until we announced Alligator Bayou - and Shadyside is currently drilling. The drilling program is going according to plan and now we are at about a depth of over 9,000 feet as of Friday July 27th (2007).”

CEOFCO: Please tell us about the Garden City field, its proximity to Shadyside and why that is so important?

Mr. Murphy: “Garden City is a field that has been in production for about fifteen or twenty years. It is a large field, in excess of 1.5 trillion cubic feet of gas. Shadyside is a few miles away from Garden City. We are targeting the same strata. Shadyside borders against the same fault closure and from an analogue standpoint, it looks very good. Hence, we have a high chance of technical success. The main difference between Shadyside and Garden City is fundamentally the size of the structure. Shadyside is a substantially smaller structure than Garden City, but it is still significant for us.”

CEOFCO: Where are you now at Shadyside?

Mr. Murphy: “We are somewhere between 9 and 10 thousand feet and it is a 16, 500 foot well. I would think to finish the drilling, and assuming we encounter the reservoirs we expect, case the well and test it, we are probably looking at another 30 or 45 days before we actually get a result from that well.”

CEOFCO: Will you tell us more about the reservoir?

Mr. Murphy: “It is a Miocene reservoir and this is a very prolific producer in Garden City. Seismically, Shadyside

looks very similar to the Garden City seismic data.”

CEOFCO: So you have high impact, low risk!

Mr. Murphy: “Yes. We believe it will, if successful, have a high impact on the Company value. Right now our interpretation of the seismic has a range of possible outcomes - it could get better, it might not be as good as we think it is, but we are excited about this project.”

CEOFCO: The newest prospect for you is Alligator Bayou; will you describe that project and how you became involved in such a project with good potential for a junior?

“We get most of our work and project involvement through people we know. We call it the network, the opportunity pipeline and Alligator Bayou came via somebody we had been working with for the last couple of years. When they originally showed the prospect to us, we said it looked very interesting and that we would like to participate in it if everything works out. We had that dialogue for that period of time and when it finally became available, we declared that we were interested and it was honored. I think part of that was that our track record in the last few years – it shows that we have a good reputation in Texas and Louisiana. We try to be a positive partner in the joint ventures and I think that was one of the factors that helped us come into this world-class project.”

- Daniel L. Murphy

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one of the factors that helped us come into this world-class project.”

CEOFCO: Your team has a long history!

Mr. Murphy: “Our team is comprised of seasoned oil industry people. In October, I will have forty years experience in the industry. I have worked for Shell, Occidental, and some independent oil companies. Our exploration director John Williams has thirty years with majors like Conoco-Phillips. Andy Boetius has fourteen years with Amerada Hess, before he helped found the company with Lyndon West, who is a 25-year veteran in the industry. Therefore, we have a strong balanced team with experience, most with major oil company experience. Hence, we tend to analyze things in a similar way as the Majors do.”

CEOFCO: How big is Alligator Bayou in absolute numbers?

Mr. Murphy: “It is substantially larger than our other prospects. We do not use our internal forecast numbers in the market; we tend to retrospectively record. It results in a bit of a conservative view on our market value. Alligator Bayou is much more significant than Shadyside, which was our largest prospect prior to Alligator Bayou. If it is successful, it will cause the company to grow in size by a number of times its current value. There is some distance between before you drill and after you drill, hence we probably won’t

be in a position to tell the market anything more specific until after we have drilled the well.”

CEOFCO: Is there much information available on Alligator Bayou for prospective investors?

Mr. Murphy: “More and more is becoming available. Some of the partners have made statements. We believe that a third party company who has evaluated the prospect is getting ready to put some information on its website about it. If that happens, we will advise investors that information is available. As time goes on, more and more information will be coming out and the significance of this oppor-

tunity will be better understood by the market.”

CEO CFO: What happens if things do not go as planned?

Mr. Murphy: “Our investment policy is to achieve a balanced, risk mitigated portfolio. When we actually choose the level of interest we take in a prospect, the first thing that it has to do from a technical risk stand point, is that it has to be above a certain level of probability of success. Then we look at the amount of money we have, the cushion we want to maintain in our cash flow, and the number of projects that we are following that we want to get into. After all of that, we take a level of interest that is appropriate for us within our available cash and target risk levels. Alligator Bayou in real terms is less expensive than some of our existing wells and more expensive than others. Therefore, it fits and from a commercial standpoint, out of the last thirteen wells it is probably about in the 75% cost range of wells drilled and to be drilled. If it does not prove successful, we have lost one well and it will not have a seriously impacted on the company, and our success

rate to date has been fairly significant. We probably have about a 70% success rate on our drilling hence we will not have any significant problems going forward, however if it is successful there will be a huge upside for the company value.”

CEO CFO: You have your bases covered!

Mr. Murphy: “That is part of our philosophy and why we are a good company for people to look at. We manage conservatively and we do not have any single risk event that will cause the company undue stress. This is what we said we were going to do and this is what we are doing.”

CEO CFO: What will the impact be if Shadyside or Alligator Bayou come in and come in big; how will it affect the market cap?

Mr. Murphy: “It will increase the size of the company a number of times its current value. However, all of these things are based on the probability of success. If we are fortunate and it comes in, then we will be a company of a different value and a different size and a different character in 2008.”

CEO CFO: Is the market recognizing that potential yet?

Mr. Murphy: “To be fair to the market, we have not given them enough information, about its potential for it to assess what it might mean to the company. We are trying to find ways to communicate with the market within our policy so that they can more accurately assess the potential of the company and we can get our share price where it belongs.”

CEO CFO: Why should potential investors be choosing Index Oil?

Mr. Murphy: “If investors look at our management team they will see an extremely experienced team. If they look at our track record what they will see is that what we have said in the past that we were going to do, we did do and we did it as successfully as we said we were going to do it. If they look at our portfolio of future projects, they are going to see some fairly significant opportunities there that have the potential of significantly growing the company.”



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